

Q3 Industrial Market Insight

Mid-Counties

Lee & Associates® Research

Los Angeles Central

City of Industry

2024

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Q3 2024 Market Insight Mid-Counties

Highlights

- Big Picture:** Across all submarkets in the Los Angeles Basin this quarter, vacancy and availability rates increased, lease rates decreased, net absorption was negative, and construction starts declined. Leasing remains muted across all submarkets save the Inland Empire. Capital market activity was subdued as most investors remained cautious and on the sidelines.
- Vacancy Rate:** Continues to rise, increasing 70 bps quarter-over-quarter and 270 bps year-over-year to reach the current rate of 6.1%.
- Asking Rents:** At \$1.56 NNN per square foot, asking lease rents declined by \$0.12 or -7.14% from the Q3 2023 rate of \$1.68 NNN.
- Inflation & Interest Rates:** CPI continues to be elevated above the Fed's 2% target, but gradually improving. Currently, headline CPI inflation has grown by 2.4%, year-over-year, while PCE and Core PCE inflation checked in at 2.1% and 2.7%, respectively. At the September meeting, the FOMC decided to cut interest rates by 50 basis points. Another quarter-point rate cut is expected at the next FOMC meeting in November
- GDP:** In the third quarter of 2024, real gross domestic product (GDP) grew at an annualized rate of 2.8%, following an upward revision for Q2, which now stands at 3.0%. This growth is largely driven by robust consumer spending, which has exceeded even the most optimistic expectations. Despite inflationary pressures, Americans continue to spend across various sectors, including automotive, dining, and travel. Additionally, increases in exports and federal government spending fueled third-quarter GDP growth. Imports, which are a subtraction in the calculation of GDP, increased.
- E-commerce activity:** E-commerce sales reached \$291.6 billion, marking a 1.3% increase from the previous quarter and a 6.7% rise year-over-year. Despite this growth, e-commerce's share of total retail sales dipped slightly, from its high of 16.4% in Q3 2020 to 16.0% in Q2 2024. Overall, consumer spending remains robust, continuing to support both regional and national economic growth.
- Supply Chain:** Transpacific spot prices to the West Coast are 35% lower than their July peak and 38% lower to the East Coast. Week-over-week, the cost from China/East Asia to North America's West Coast fell to \$5,294/FEU, while China to US East Coast prices fell to \$5,935/FEU, according to Freightos.

CITY	# of Bldgs	Inventory (SF)	Vacancy (%)	Availability (%)	Net Absorption (SF)	Gross Absorption (SF)	Direct Asking Rate (NNN)	Asking Sale Price (\$/SF)
ARTESIA	27	310,416	11.8	11.8	(21,466)	0	\$1.45	\$339
BELLFLOWER	66	1,003,395	0	0	0	0	\$1.51	\$328
BUENA PARK	217	13,126,523	11.9	13.9	(793,533)	36,687	\$1.66	\$260
CERRITOS	250	12,817,504	6.3	9.7	(66,197)	317,568	\$1.21	\$272
CYPRESS	85	4,263,203	2.6	10.9	154,099	215,000	\$1.70	\$306
LA MIRADA	178	13,213,636	8	9.9	(156,887)	57,855	\$1.58	\$270
LA PALMA	16	1,778,216	4.1	4.7	0	0	\$1.66	\$233
LOS ALAMITOS	93	2,272,463	7	8.7	(91,832)	8,043	\$1.38	\$307
NORWALK	91	2,924,525	3.2	3.4	766	4,100	\$1.66	\$262
SANTA FE SPRINGS	1344	54,010,585	5.1	8.6	159,353	730,153	\$1.70	\$291
WHITTIER	163	4,199,543	5.1	5.4	(121,406)	42,062	\$1.31	\$264
DOWNEY	144	4,735,196	4.3	4.4	42,057	121,498	\$1.09	\$279

↑ 4.1%

US Unemployment Rate

↑ 2.8%

GDP - Quarter 3 % - Change YOY

↑ 4.2%

U.S. 10-Year Treasury Note

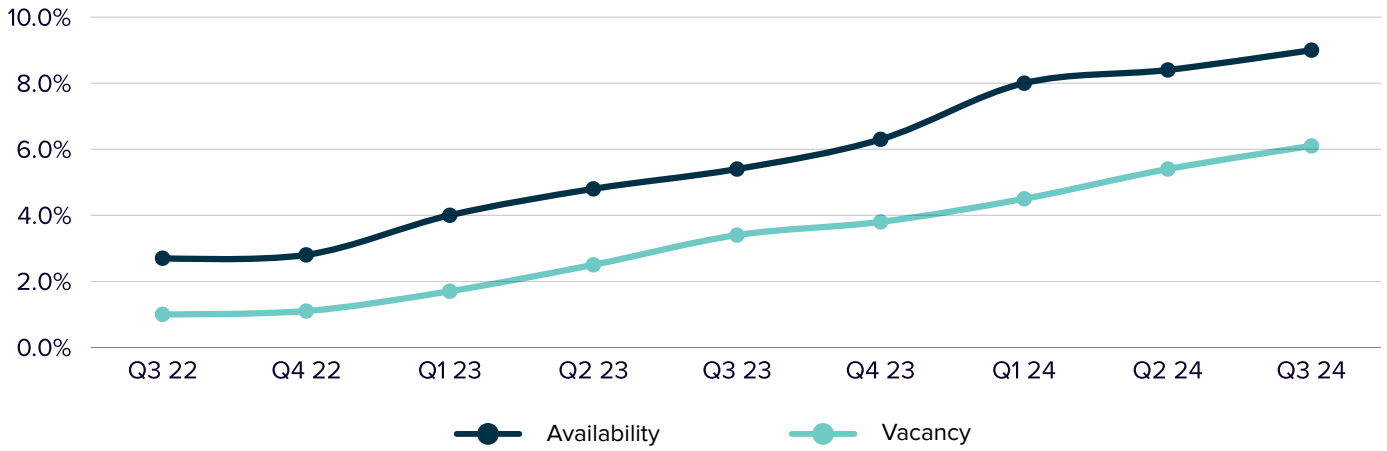
> Market Summary

	Q3 2023	Q2 2024	Q3 2024	QoQ Change	YoY Change
Total Inventory (SF)	114,667,332	114,811,766	114,811,766	0.00%	0.13%
Overall Vacancy	3.4%	5.4%	6.1%	70 bps	270 bps
Overall Availability	5.4%	8.4%	9.0%	60 bps	460 bps
Under Construction (SF)	335,634	1,211,055	1,211,055	0.00%	260.83%
Net Absorption (SF)	(990,667)	(968,468)	(893,916)	N/A	N/A
Overall Asking Lease Rates (NNN)	\$1.68	\$1.59	\$1.56	-1.89%	-7.14%

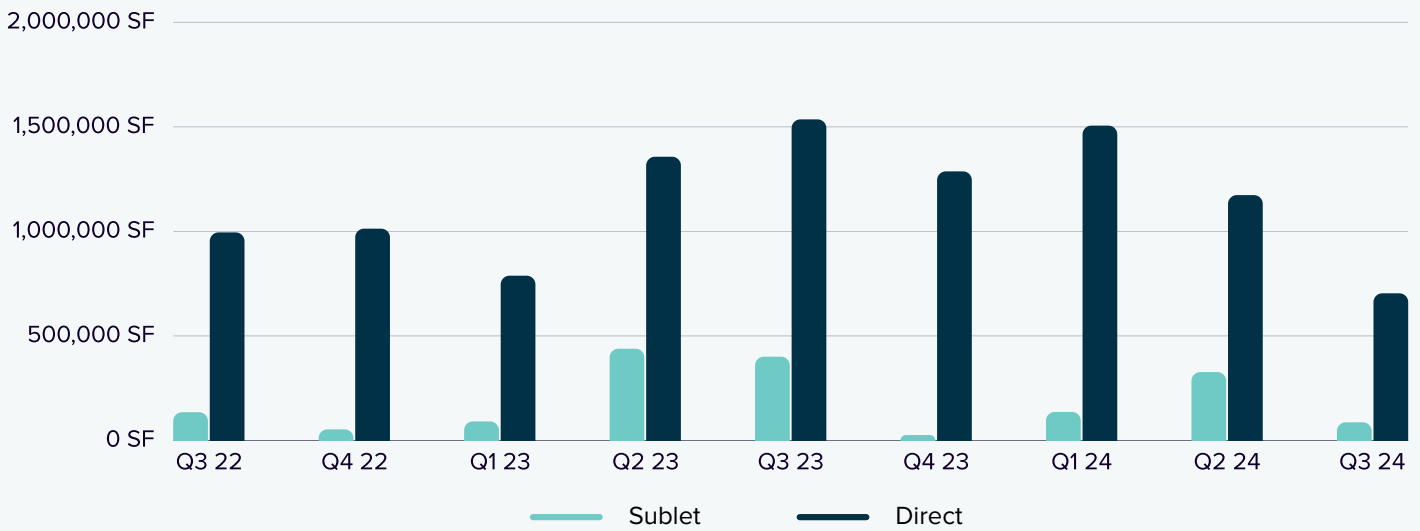
> Port Stats

PORTS	Quarter	Month	Loaded Inbound	Loaded Outbound	Total Loaded	Total Empties	Toal Containers	YOY Change
LOS ANGELES	Q3	July	501,281	114,889	616,170	323,431	939,600	37.31%
		August	509,363	121,744	631,106	329,491	960,597	16.01%
		September	497,803	114,702	612,505	342,201	954,706	27.56%
LONG BEACH	Q3	July	435,081	104,834	539,915	342,462	882,377	52.59%
		August	456,868	104,646	561,513	352,360	913,873	33.94%
		September	416,999	88,289	505,288	324,211	829,499	0.01%

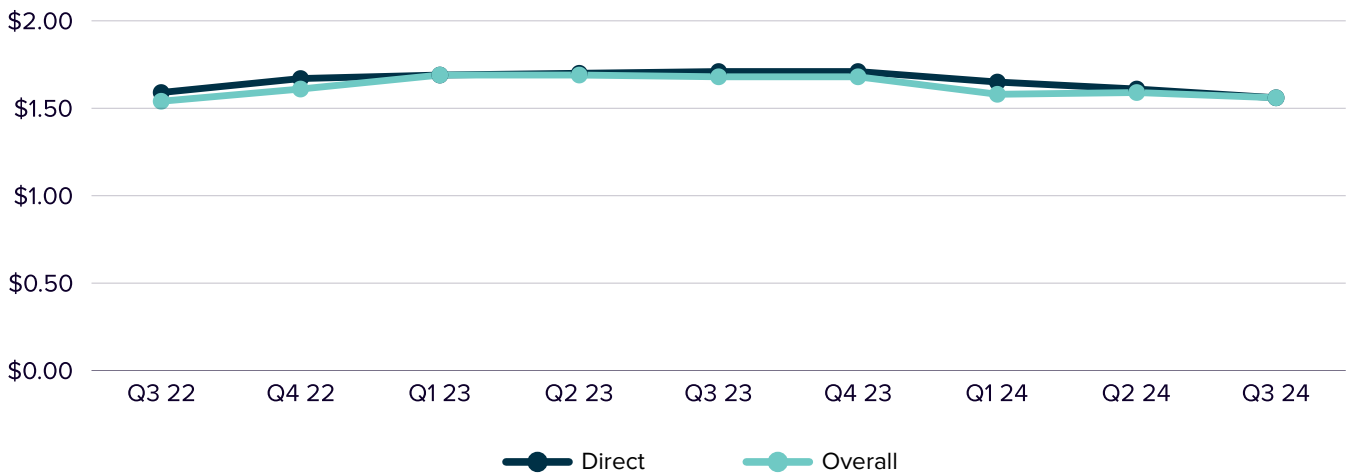
> Vacancy vs Availability



Leasing Activity



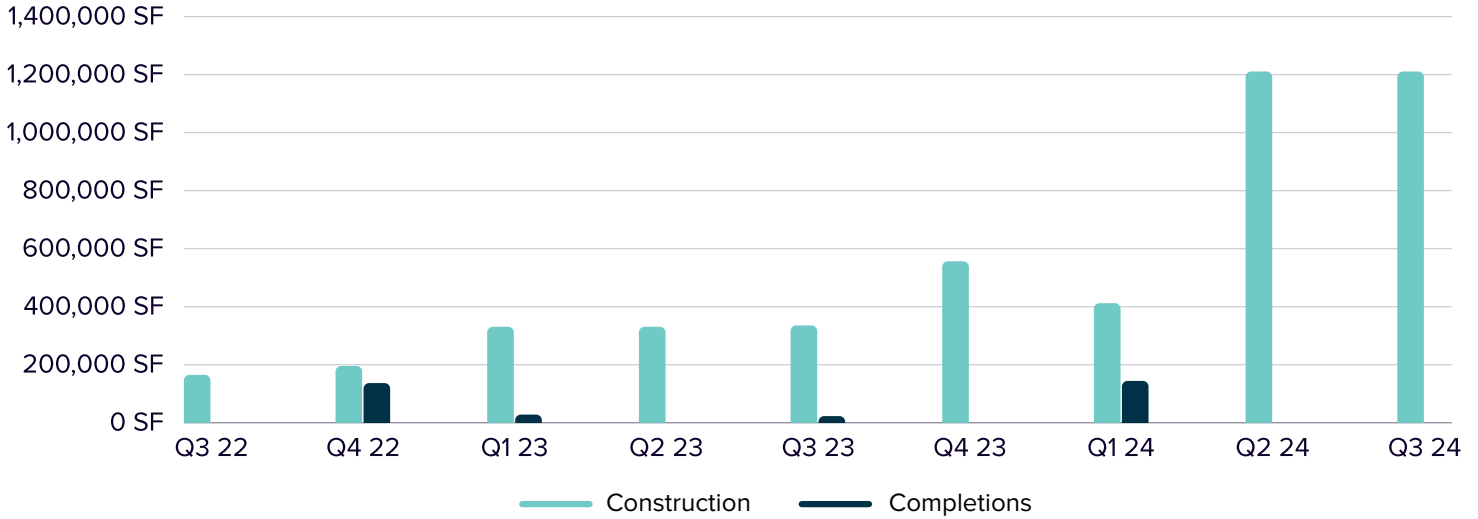
> Rental Rates



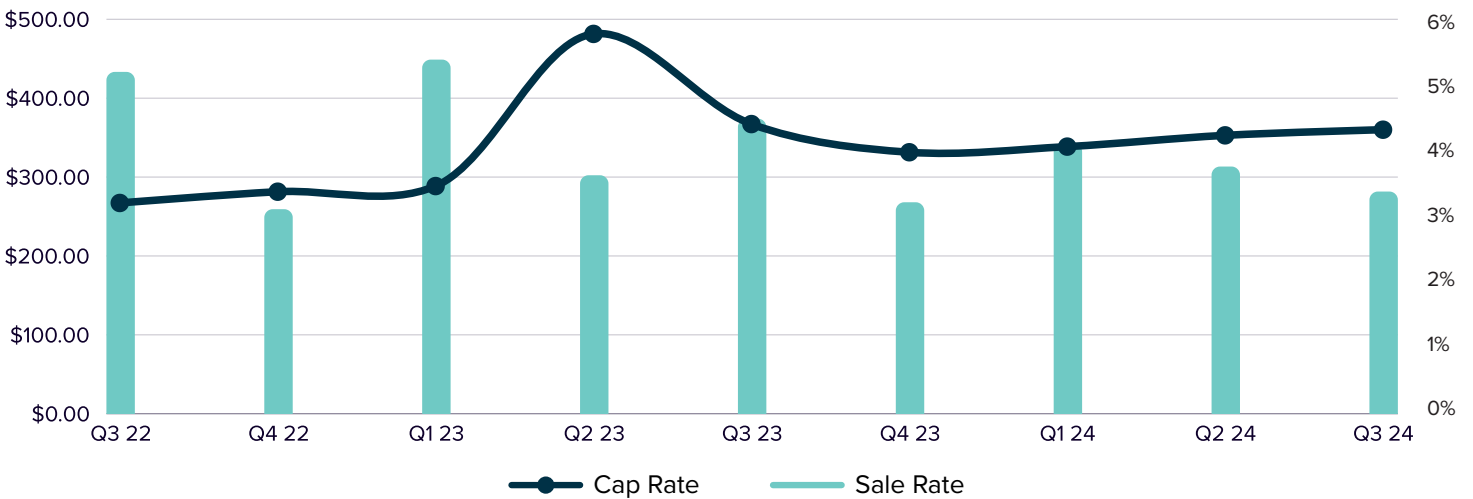


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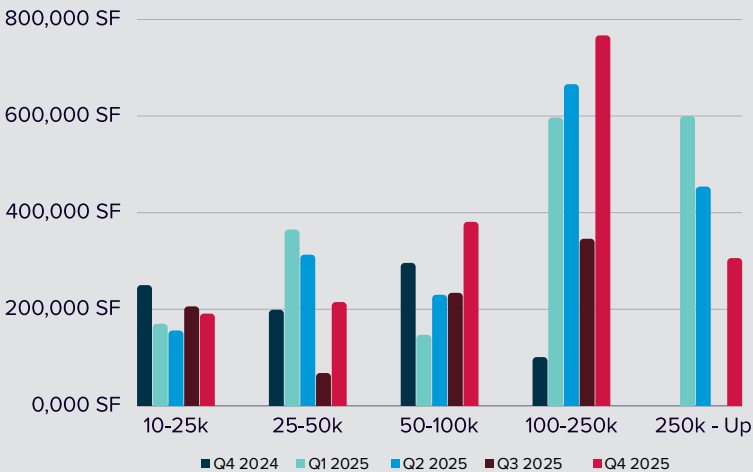
> Construction



> Sales Trends



> Lease Expiration



Mid-Counties
Largest Lease Transaction
 By Square Foot
 Lessee: Gelson's Markets
 13833 Freeway Dr, Santa Fe Springs

248,304sf

> Top 5 Sales

Address	City	Size (SF)	Buyer	Seller(s)	Price
16000-16032 CARMENITA RD	Cerritos	168,912	Mid Counties Holdings	Icon Owner Pool	\$52.6M
5609 RIVER WAY	Buena Park	149,000	5609 Riverway LLC	SCIND Beach Point	\$43.5M
9830 NORWALK BLVD	Santa Fe Springs	134,373	McMaster-Car Supply	Brookfield Hotel Properties	\$35.7M
16933 VALLEY VIEW AVE	La Mirada	125,000	LD Valley View Holding	UBS Realty Investors	\$32.4M
5701 FRESCA DR	La Palma	84,321	5701 Fresca Dr	Longpoint Realty Partners	\$28.5M

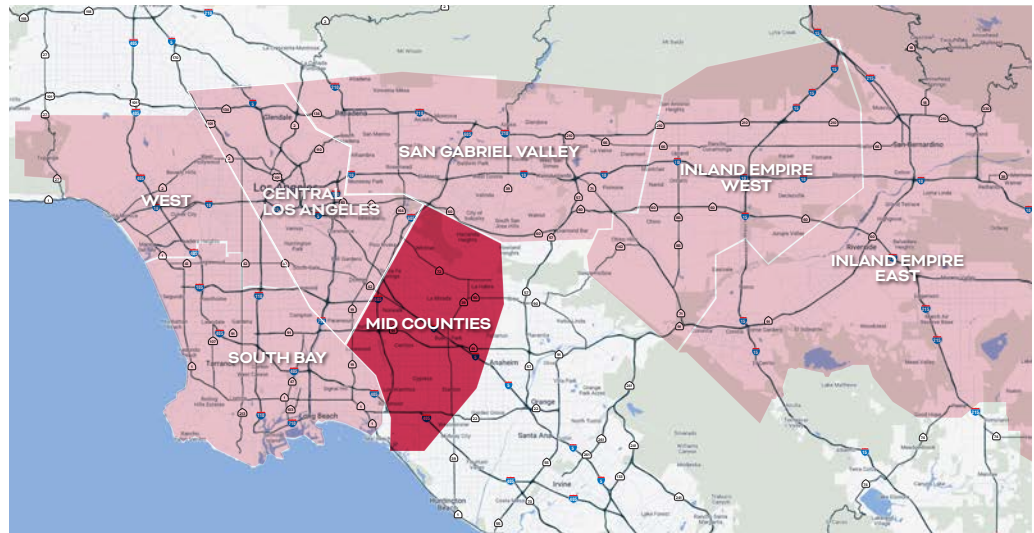
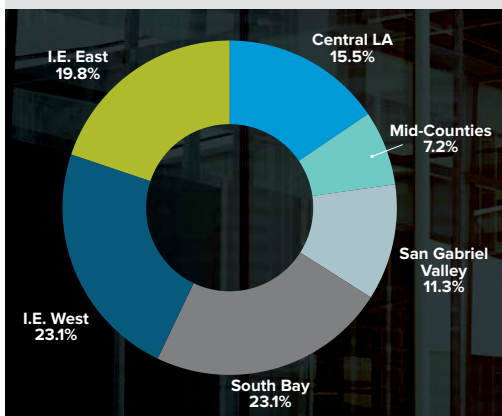
> Top 5 New Leases

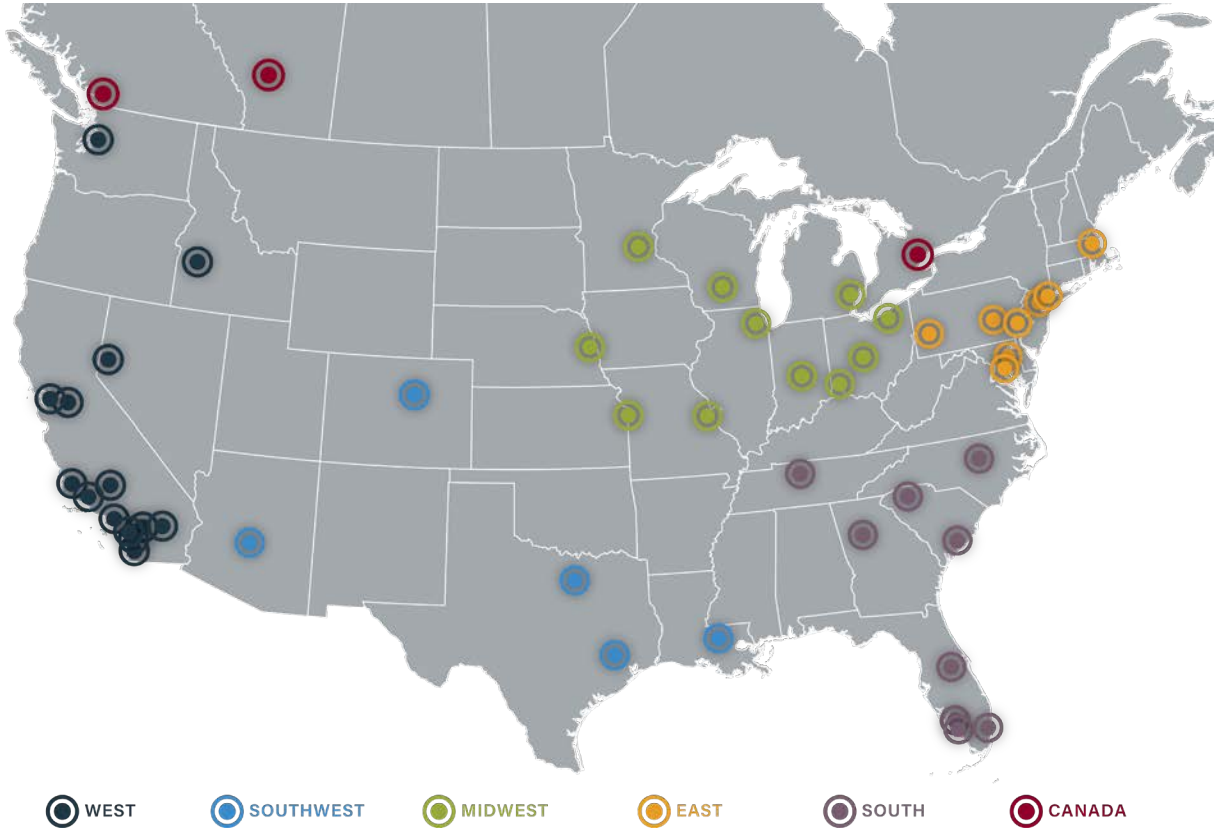
Address	City	Size (SF)	Lessor	Lessee(s)
13833 FREEWAY DR	Santa Fe Springs	248,304	Thirty Oil Co	Gelson's Markets
15905 COMMERCE WY	Cerritos	104,556	Prologis	Grimco
13930 GANNET ST	Santa Fe Springs	75,004	Hsi Family Trust	Travelers Club Luggages
5450 DODDS AVE	Buena Park	62,812	Jaaks Properties	Shinwoo-Global
16901 VALLEY VIEW AVE	Cerritos	54,400	William V Ritchie	Souther Glazer's Wine & Spirits

> Major Construction / Development Projects

Address	City	Owner	Size (SF)	Est. Completion
5885 PLAZA DR	Cypress	Goodman Group	204,909	Q1 2025
9615 NORWALK BLVD	Santa Fe Springs	Rexford Industrial Realty, Inc.	201,571	Q1 2025
5755 PLAZA DR	Cypress	Goodman Group	185,359	Q1 2025
10251 SANTA FE SPRINGS RD	Santa Fe Springs	Centris Industrial	121,124	Q1 2025
12118 BLOOMFIELD AVE	Santa Fe Springs	Rexford Industrial Realty, Inc.	107,045	Q4 2024

Inventory Comparison





108% Increase in Brokered Sale & Lease SF Over 5 Years

\$32⁺ Billion Transaction Volume (2022)

1.5K⁺ Professionals and Growing Internationally

75⁺ Offices Nationwide

● WEST
● SOUTHWEST
● MIDWEST
● EAST
● SOUTH
● CANADA

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 These reports are based on industrial single and multi-tenant buildings that are greater than 5,000.